





BOEING ANNUAL REPORT 1966

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COVER: Boeing-built Lunar Orbiter provided NASA with spectacular photo of Earth as seen from moon

INSIDE COVER: A full scale mock-up of Boeing's 1800 mile-an-hour supersonic transport design

Annual meeting of Boeing stockholders will be held at the offices of the company, Seattle, Washington, on April 24, 1967. Formal notice of the meeting, proxy statement and form of proxy will be sent to stockholders about March 27.

HIGHLIGHTS

	1966	1965
Sales	\$2,356,567,000	\$2,023,402,000
Net earnings	76,133,000	78,268,000
Dividends paid	20,151,000	20,256,000
Net earnings per share	\$4.13	\$4.78
Dividends paid per share	1.10	1.25
Per cent net earnings to sales	3.2%	3.9%
Shares outstanding at year end	19,496,519	16,374,280
Book value per share	\$28.91	\$22.70
Salaries and wages	\$1,147,750,000	\$ 813,136,000
Average number of employees	128,500	93,400
Additions to property, plant and equipment	\$ 294,600,000	\$ 67,800,000
Depreciation and amortization of property, plant and equipment	40,168,000	25,489,000
Backlog	\$5,282,600,000	\$3,148,000,000

Note: Per share data adjusted for stock split, and based as follows:
1966 - Average number of shares outstanding during the year.
1965 - Number of shares outstanding at end of year.

PRESIDENT'S MESSAGE

To the Stockholders:

Outstanding achievements and significant developments, which will affect your Company well into the future, highlighted the fiftieth anniversary year. Sales of just under \$2.4 billion during 1966 were the highest in the Company's history, although net earnings of 76.1 million were approximately 3% below the 1965 record earnings of \$78.3 million. The major expansion program under way in 1966, higher charges against earnings relating to new commercial jet transport programs, and the many operational problems encountered during the year on commercial programs resulted in increased costs and, in turn, somewhat lower profit margins.

Among the achievements and developments of the year were:

Spectacular success of the Lunar Orbiter, the Company's first entry of a payload vehicle in the space program;

Selection of Boeing by the Air Force to produce SRAM, a short-range, air-to-ground missile;

Attainment of sales and backlog which were the highest in the history of the Company and the industry;

Receipt of orders for 93 of the Company's new 747 superjets from 15 airlines for a total of \$1.8 billion in the first five months period following decision to go ahead on the program — the largest pre-production order in the history of the industry;

Consummation of a major financing program to provide the capital necessary for facilities expansion, jet transport financing programs and working capital requirements. Stockholder investment was increased by more than 50 per cent during the year and arrangements were made



for additional long-term debt and substantial lines of bank credit;

Authorization for facilities totaling \$350 million, these facilities to provide capacity and flexibility for growth in the several fields of Company activity;

And as a climax, on the last day of the year, announcement that the Company was the winner in the design competition for the American supersonic transport program.

During 1966, Boeing delivered 218 commercial airliners, 34 short of the goal announced for the year in the last annual report. It had on order at the year end 598 airliners, including 93 model 747s and 124 model 737s. Delivery of 272 aircraft is currently projected for the year.

Boeing's military production during the year consisted of helicopters and missiles, plus modernization and maintenance of B-52 bombers. Under government direction, Vertol production rates on both the Chinook and Sea Knight helicopters were doubled in 1965 and increased again in 1966.

Minuteman missile production continued to be one of the Com-



Newest, smallest Boeing jetliner is the twin-engine 737, christened by 17 airline stewardesses in January of 1967

pany's most satisfactory government programs. During the year, work was underway on the installation of the last 200 Minutemen. These 200 are Minuteman II versions, improved in range and accuracy. The remaining 800 are Minuteman I versions now scheduled to be replaced gradually by Minuteman II missiles in a modernization program.

Under the contract obtained for the short-range air-to-ground missile, SRAM, design work is under way, with production of test missiles to follow.

The Wichita Division, in addition to increased support for other divisions in their programs, continued modernization of B-52 bombers, many for service in Viet Nam.

In space activities, 1966 was highlighted by the two very successful flights of the Boeing-built Lunar Orbiters, which accomplished their basic missions and also provided some of the most spectacular photographs ever taken—the world as seen from space; the curiosities of the Copernicus crater on the moon. Additional Lunar Orbiter flights are scheduled during 1967.

Boeing's work on Saturn V in-

creased substantially. Its systems integration and engineering work at Huntsville, Alabama, was stepped up and crews prepared for firings of a ground test version of the S-1C at the Mississippi Test Facility. At Cape Kennedy, the company's role in support of assembly, test and launching also was expanded during the year.

A relatively unpublicized program, construction of Burner II, an upper stage boost vehicle for use with a Thor rocket, also resulted in success. The first Burner II was launched during the year by the Air Force and performed its classified mission as scheduled.

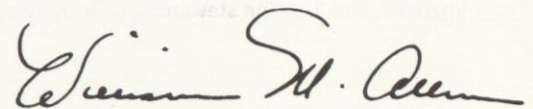
By late in 1966, the ambitious 747 program was well under way, with major engineering in progress, and mockups prepared. With deliveries to begin in September, 1969, both facilities and production schedules are extremely tight.

But not the 747, the successful photo missions to the moon, the rise of employment to more than 130,000 persons, the addition of millions of square feet to facilities nor any other development within the Company provided the climactic dra-

ma for Boeing during the year. That came on December 31 when Federal Aviation Administrator William F. McKee announced that Boeing was the winner of the supersonic transport design competition. As this is written, additional decisions remain to be made: whether production of prototype SST aircraft is to proceed; what time schedule may be desired; what monies may be appropriated for the U.S. government's recoverable share in the costs. These are decisions for the executive and legislative branches of the federal government, and comment on them is not appropriate. In the meantime, SST engineering and design work continues by Boeing and by General Electric Corporation, the successful engine designer, on month-to-month contracts.

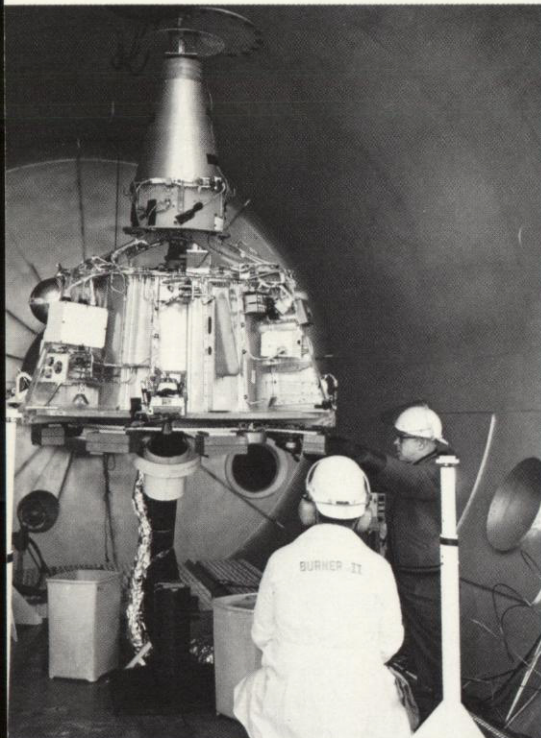
But the competition between American designers—an arduous, intensive and often frustrating competition which has occupied many of Boeing's most competent engineers and scientists for years—ended on December 31.

It was a gratifying note on which to end the year which marked the company's fiftieth anniversary.



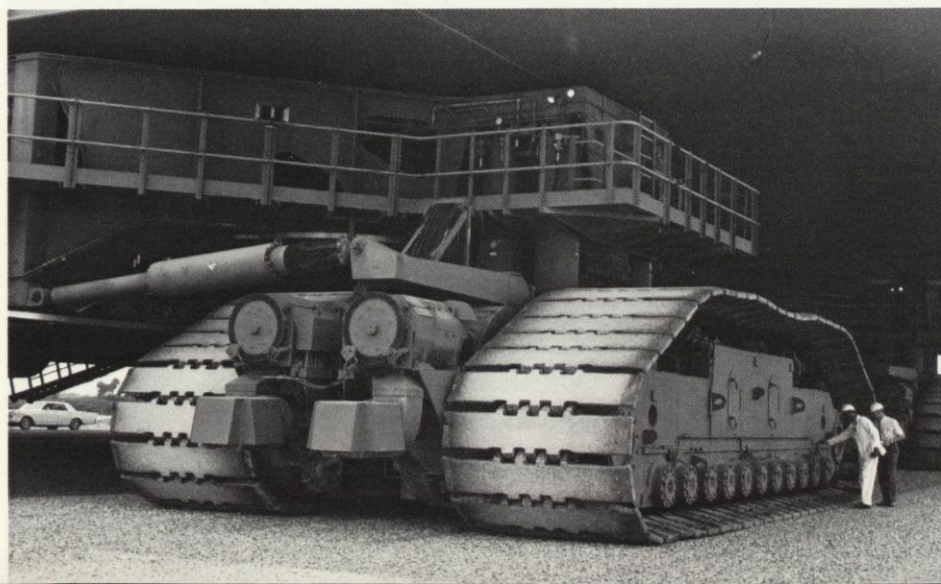
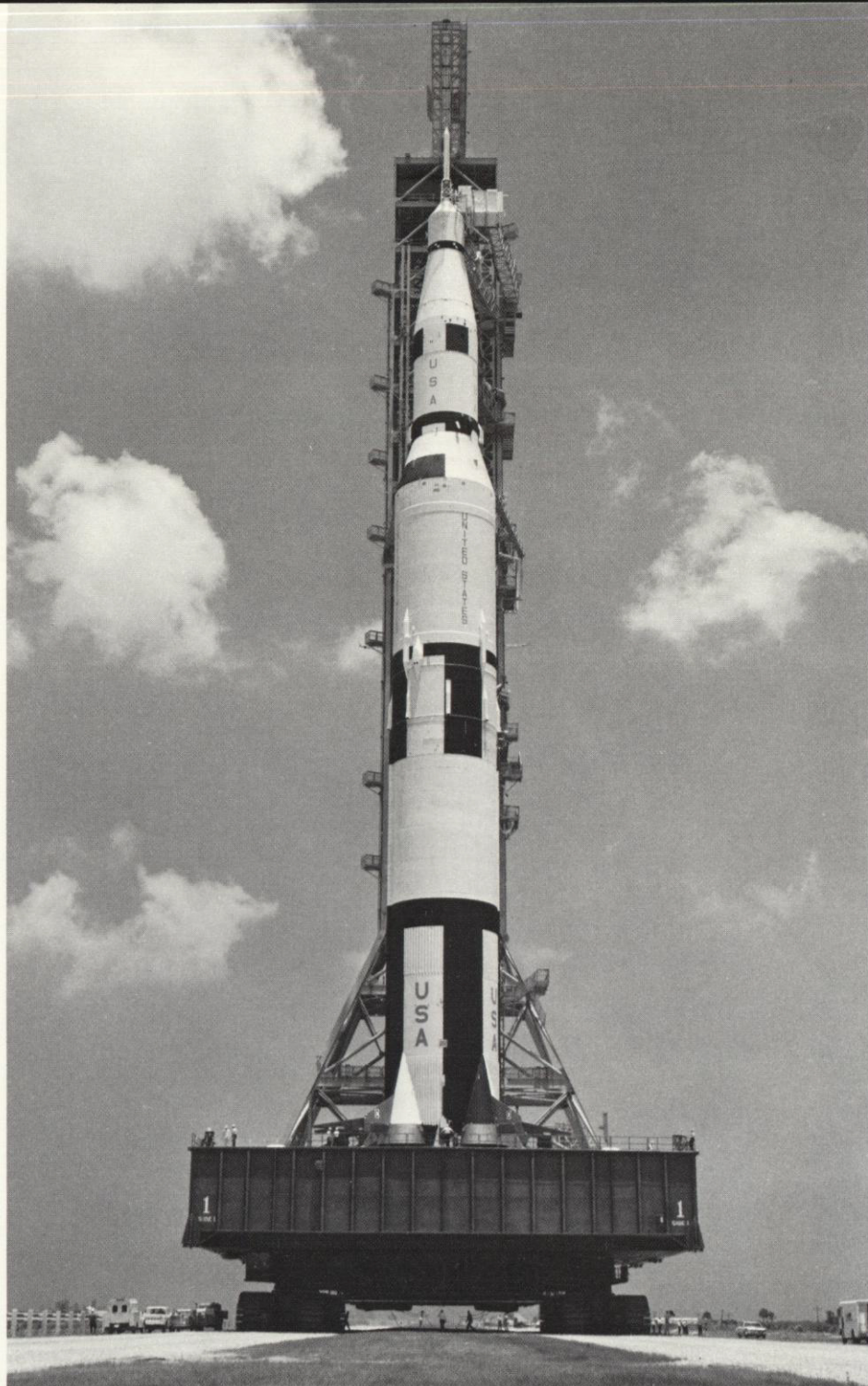
President

February 27, 1967



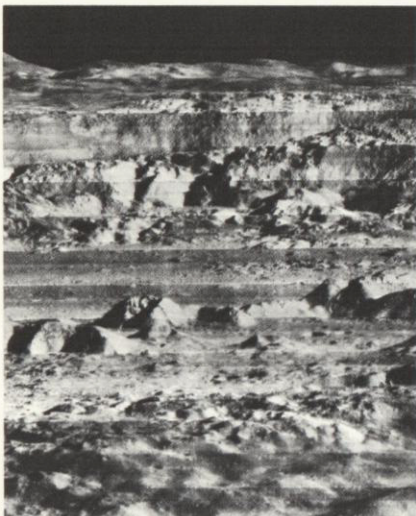
Boeing-built Burner II, an upper stage vehicle launched from a Thor booster, performed successfully on first flight

Components of Saturn V were assembled into immense rocket for tests at Cape Kennedy in U.S. Apollo space program



Boeing builds first stage for Saturn V, which requires this monster transporter for move to Florida beach launching pad

SPACE ACTIVITIES



Camera of Lunar Orbiter sent back to Earth this photo of the Crater of Copernicus on face of the moon

In August, 1966, a Boeing-built spacecraft, NASA's Lunar Orbiter I, was hurled toward the moon and placed in orbit. As a talented robot, it obediently circled the moon while taking more than 400 photographs and transmitting them to earth tracking stations. One, showing a section of the moon in the foreground and the earth looming behind it, became perhaps the most famous photo of the year, being printed in thousands of publications and hung in more thousands of offices and homes.

"One astronomer," reported Oran W. Nicks of NASA's Office of Space Science and Applications, "has said that more information has been obtained in one week through the Lunar Orbiter photos than over the last 50 years of study of the moon."

This mission marked Boeing's first major step into actual space exploration and highlighted the Company's participation in space programs during the year. A second Lunar Orbiter, launched in November, provided hundreds of additional photos of

even greater resolution, some showing details of the moon's surface less than three feet in diameter.

Together, the two 1966 missions returned photos of about 3½ million square miles of lunar surface, much of it on the far side. On the side visible from earth, 190,000 square miles have been photographed in detail never possible with earth-based telescopes. Although the primary objective was to obtain photos of areas for possible manned landings, secondary objectives included measurements of radiation flux and meteoroid density near the moon. Lunar Orbiter data has given scientists new information about the moon's size, shape, gravity and complicated history of volcanic activity. For the first Lunar Orbiter flight alone, Boeing earned \$1,895,000 in incentive awards. Additional flights are scheduled during 1967.

The Company's second major space activity, assembly of the first stage of the Saturn V interplanetary rocket plus systems engineering and support of Cape Kennedy assembly, test and launch of the complete rocket, took several visible steps forward during the year.

The first flight rocket reached Cape Kennedy and was emplaced in the huge Merritt Island launch assembly building preparatory to firing some time in 1967. Boeing is now producing complete, assembled first stages at the Michoud plant near New Orleans.

Meanwhile, the Company's role in systems integration and engineering at Huntsville, Alabama, was expanded, as were assignments given Boeing in connection with the upcoming Cape Kennedy firings. The present Michoud schedule calls for production of 14 rocket stages, with indications that at least five addi-

tional launch vehicles may be ordered by the National Aeronautics and Space Administration.

All these steps are preparations for a manned lunar mission, expected before the end of the decade.

Employment now stands at approximately 12,000 persons at the Company's three southern locations.

The third Boeing space effort, Burner II, scored a success in its own right when it was launched from atop a Thor booster at Vandenberg Air Force Base. The flight came only 15 months after Boeing had signed an initial contract with the Air Force Space Systems Division. This called for two ground test and three flight vehicles, but five more flight vehicles were ordered in a follow-on. The Air Force reported the first small space vehicle performed its classified mission flawlessly.

Space operations were a source of substantial earnings during the year. Ahead-of-schedule performance on the Saturn program continued to earn incentive bonuses. On-site availability of the company's engineering talent at Huntsville has earned a number of engineering and systems analysis assignments connected with space projects.



Two separate 1966 Lunar Orbiters performed photography missions with amazing success

COMMERCIAL AIRCRAFT



New air cargo service standard was set by 707-320C during 1966



The three-engine 727 has proved to be world's most popular plane



Two engines in pods identify twin-jet 737 short range jetliner

In a bold step adding another major aircraft to the Company's jet family, the Board of Directors approved a go-ahead on the 747 project.

The 747, capable of carrying up to 490 passengers, is designed to keep pace with the constantly expanding air travel market. It is offered in three configurations: all-passenger, all-cargo and convertible passenger-cargo. Its cruise speed of 625 miles per hour compares with 605 mph cruise speed for the 707-320B Intercontinental jetliner, and its range will exceed 6,000 miles. Its 110-ton cargo capacity is more than twice that of present jet freighters. Despite its huge size, the 747 will be able to operate from any existing major airport.

Pan American World Airways was the first to order the \$20 million aircraft—signing for 25 of the 747s. Joining the customer list were Alitalia, American, Air France, Irish, BOAC, Continental, Japan Air Lines, Lufthansa, Northwest, Trans World Airlines, United Air Lines and World Airways. By year end orders had reached a total of 93.

To build the 747 the Everett Branch has been created within the Commercial Airplane Division. A gigantic facility is being erected at Everett, Wash., 20 miles north of Seattle. Although the costs and over-all financial risks of the program and the demands on facilities, engineering and management are substantially greater than for any of the Company's previous commercial programs, the 747 project has a profit potential warranting the risks being taken.

While major attention was focused on the 747, work on another new airliner, the twin-jet 737, proceeded close to schedule. At the opposite end of the scale from the 747, the

737 is intended primarily to serve smaller communities and short-to-medium routes.

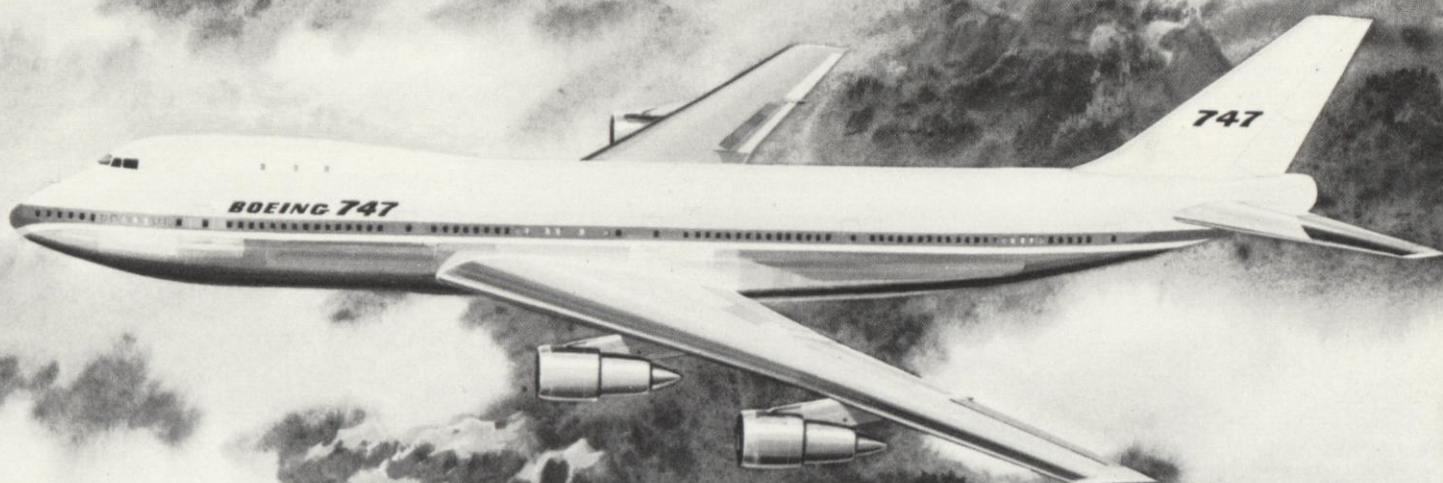
The inter-tie of Company facilities and operations is again demonstrated in the 737. While the first body sections were built in Seattle, all subsequent fuselages after the 8th are to be built in Wichita. Final assembly of the aircraft will follow in a new 737 facility in Seattle.

Although the Company entered the short-range market some two years after its principal competition, it won nine new customers during 1966, bringing the number of customers to 17 and orders for 737s to 128 by christening date of the first completed airplane on Jan. 17, 1967.

Increased emphasis on cargo and cargo-passenger convertible airplanes was a significant development during the year. Orders for all current models continued in record numbers, but the 727QC (Quick Change) created the most interest. Orders for this airplane, which can be shifted from passenger to efficient cargo plane in 30 minutes, reached 113. Orders for the -320C (Cargo Intercontinental) reached a total of 84.

Congestion on production lines for the 707, 720 and 727 models was eased shortly after year end when the new production facility at Renton was occupied. Complete shift of the 727 production line from the old final assembly building to the new facility was made in four hours on a weekend, with no interruption of production whatever.

Sales during 1966 were practically on a one-a-day basis. The orders were: 99 of the 707/720s, 141 model 727s, 38 model 737s and 93 model 747s. By year end the Company had sold a total of 1,484 commercial jets since 1955. Of this number 598 are currently still to be delivered.



The 747, now being built, will be the world's fastest, largest subsonic jetliner when it flies late in 1968

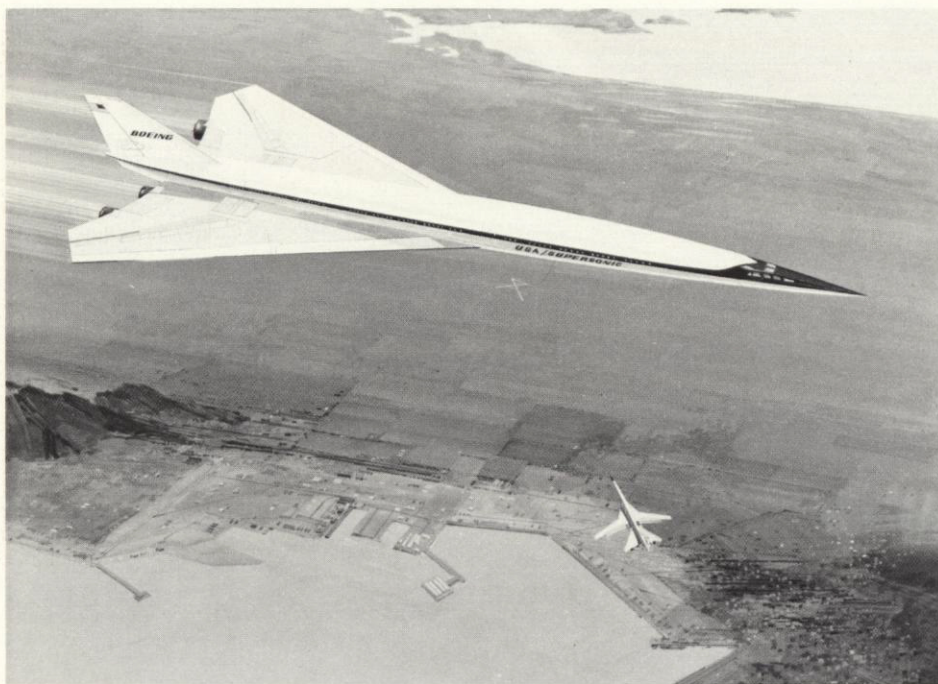
**BOEING COMMERCIAL JETS:
THE BOX SCORE
January 1, 1967**

Boeing Jets Ordered	1,484
Deliveries	886
Deliveries in 1966	218
Customer Airlines	63
Operating Airlines	50
Miles Flown	3,796,216,900
Passengers Carried	168,486,220
Frequency	Average — 1 take-off or landing every 12 seconds
Hours Flown	8,300,000
Hours Flown, 1966 only	1,500,000
Hours Flown, average week	50,000



With 20-foot-wide cabin and double aisles, the 747 offers new concepts in passenger comfort and appeal

SUPERSONIC TRANSPORT PROGRAM



Wings of the SST may be swept forward for take-off and landing; swept back for high-altitude cruising

Winning of the U. S. supersonic transport design competition has been a prime new business objective of the Company for several years. That objective was attained when the Federal Aviation Agency announced, at year end, that the Boeing variable-sweep wing entry had been selected.

Boeing has carried on supersonic transport design studies since 1952. In 1958 the supersonic transport engineering effort was given project status, and in 1963 Boeing became one of the aircraft firms involved in the U. S. design competition, conducted by the FAA on a government-industry cost-sharing basis. The Company's proposal was submitted last September.

The winning Boeing design—evolved from a study of nearly 500 different configurations—is for a 300-passenger, 1800-mile-an-hour titanium airplane. Its variable-sweep wing will swing out to give it

greater span and lift for takeoff and landing and will sweep back to 72 degrees and integrate with the horizontal tail for efficient supersonic cruising. Four General Electric engines of 60,000 pounds thrust each will power the SST.

The Company has made a heavy investment in supersonic work because it believes this type of airliner represents the next logical step forward in air transportation. Already 27 leading world airlines have reserved delivery positions for 115 U. S. SSTs.

Following announcement of the SST competition outcome, the contract covering the design development phase of the program was continued on a month-to-month basis with work going ahead on design refinement, detailed engineering, component testing, planning and preparation for SST prototype construction.



Major construction programs marked expansion of Company facilities in 1966



Final assembly of 727s is now housed in new Renton facility; former space is used for 707/720 production

SALES (in millions)

	1966	1965
Commercial	\$1,232	\$1,003
Missiles and Space	655	609
Military Aircraft	470	411
Total	<u>\$2,357</u>	<u>\$2,023</u>

With increased deliveries of 707/720 and 727 commercial jets, total sales of just under \$2.4 billion for 1966 were more than \$300 million higher than 1965. Jet transport deliveries in 1966 included 135 727s and 83 707/720s, of which 22 727s and one 707 were under lease arrangements. This compares to the delivery of 111 727s and 61 707/720s in 1965. Included in the commercial sales total is \$46 million relating to the supersonic transport program. Sales to the United States Government of \$1,125 million were approximately \$105 million higher than in 1965. Minuteman program sales of \$342 million were at a higher level than reported in 1965, while sales of \$241 million on Saturn and \$45 million on Lunar Orbiter were slightly lower than the prior year. On military aircraft programs, increased Sea Knight and Chinook helicopter sales reached a level of \$290 million and more than offset the reduction in sales on B-52 modification and maintenance programs.

Based on current programs and production schedules, 1967 sales should be higher than 1966 by reason of increased commercial deliveries and a somewhat higher level of government business. Schedules call for delivery of 118 707s, 149 727s, and 5 737s in 1967. The total of 272 deliveries compares with 218 for 1966. Reduced sales on the Minuteman and Lunar Orbiter programs should be offset by higher sales on Saturn and sales relating to the SRAM Missile. A further increase in deliveries of the Sea Knight and Chinook helicopters should result in sales of military aircraft being somewhat higher despite a further reduction in activity on the B-52 modification and maintenance programs.

EARNINGS

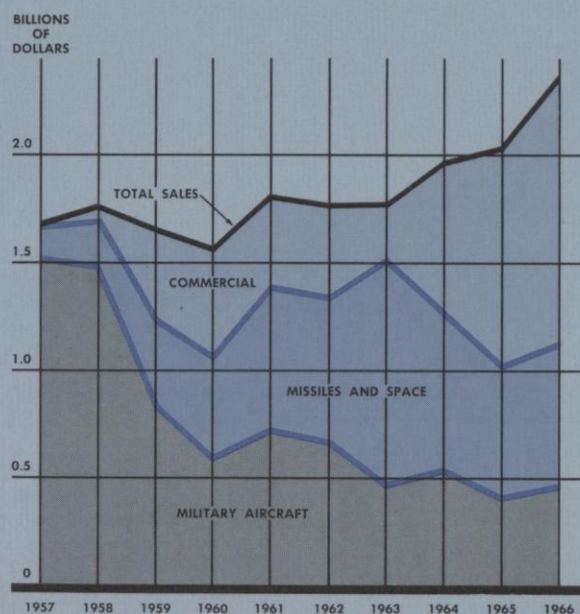
	1966	1965
Net Earnings (in millions)	\$76.1	\$78.3
Profit Margin	3.2%	3.9%
Earnings per share	\$4.13	\$4.78

Earnings in 1966, although lower than those reported in 1965, were at a substantially higher level than any other year in the Company's history. The decrease in net earnings is attributable to three principal factors: the higher charges against earnings relating to new commercial jet transport programs, the impact on program costs of the Company's massive expansion program and commercial jet delivery delays due principally to the unavailability of engines. The decrease in the 1966 earnings-per-share figure is attributable principally to the increased number of shares outstanding as compared to 1965.

The Company during 1966 continued its policy of charging against earnings, research, developmental, basic engineering and planning, administrative and other general costs and expenses relating to commercial jet transport programs. With activity on the 737 short-range jet program increased over 1965 levels and with the commencement of the 747 program in 1966, the aggregate amount of such charges relating to new jet transport programs was substantially higher than in the prior year.

Starting in the latter part of 1965 and continuing throughout 1966, it was necessary for the Company on an expedited basis to increase substantially its labor force and to undertake

SALES BY PRODUCT LINE



a major facilities expansion program. These actions were taken to provide the human and physical resources necessary to support increased production rate requirements of the 707/720, 727 and helicopter programs; to implement production of the 737 on the most efficient basis practicable, and to provide over-all productive capability for the 747 program. In addition, it was necessary to take those actions from a resource standpoint that placed the Company in the strongest position to win the competitions for the supersonic transport program and the SRAM Missile contract. A further requirement related to the necessity to provide additional research and developmental facilities so critical to the support of existing programs and to the Company's ability to compete effectively for future missile, space and aircraft programs. The Company's expansion program was undertaken of necessity at the same time that industrial and business expansion was at the highest level in the nation's history. This condition resulted in operational performance and in turn program cost and earnings performance being adversely affected by the reduction in efficiency that goes with major expansion programs undertaken in a relatively limited time period and by the pressures that were being exerted on the nation's over-all productive capacity.

Difficulties were encountered in acquiring qualified employees in an extremely tight labor market, with the attendant problems of skill dilution, attrition and major training programs. Extended lead times, delivery delays and increased costs for procurement of materials, equipment and subcontracted work were also experienced. Another factor which increased cost was the rearrangement and relocation of operations as various increments of the facilities expansion program were accomplished.

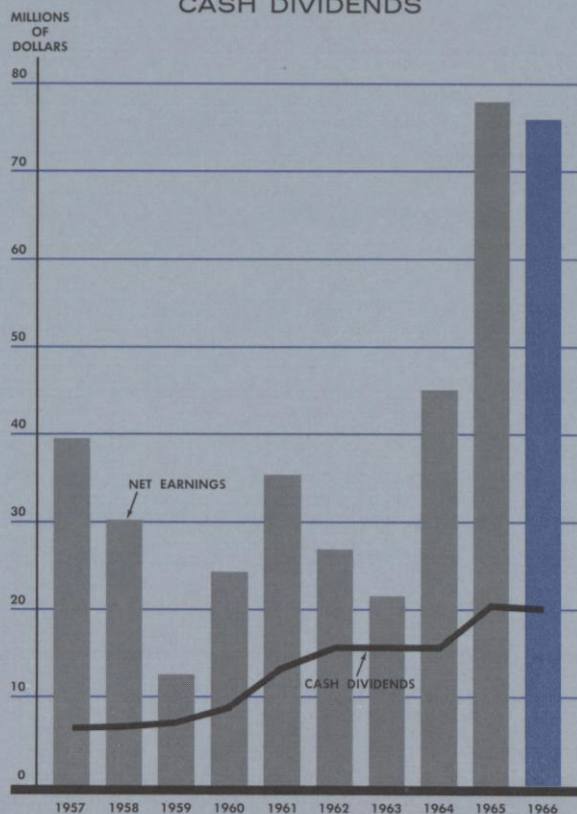
While the total national industrial expansion caused shortages in the supply of materials and parts, the most serious delay related to the inability of the engine manufacturer to support jet transport delivery schedules. The Company's original 1966 production schedules provided for the delivery of 252 aircraft. Due to the unavailability of engines and other factors the delivery of 20 727s and 14 707s was delayed.

Throughout the year provision was included in commercial jet transport program cost estimates for the anticipated higher-than-normal costs attributable to the reasons discussed above. However, actual costs and projected cost trends are above the estimates. Hence, program profit margins are currently somewhat lower than previously projected.

Although most of the Company's government programs were directly or indirectly affected by the expansion program, over-all profit margins were comparable to prior periods.

The profitability of the commercial jet transport program as reflected by reported annual earnings is influenced by such factors as production rate and production cost trends, costs relating to model improvement programs and to the introduction of new models and competitive conditions. These factors make forecasts of profitability from year to year most difficult. Such forecasts cannot be a straight

NET EARNINGS AND
CASH DIVIDENDS



extrapolation of previous trends but must take into consideration the effect on earnings of costs incurred and risks assumed in maintaining the Company's competitive position in the free world jet aircraft market.

With a major portion of the expansion program directly affecting the 707 and 727 programs accomplished and with increased deliveries of both models scheduled, such programs should provide a larger contribution to earnings in 1967. Based on current plans and schedules, earnings on government missile, space and aircraft programs should be equal to, if not somewhat higher than, 1966. Adversely affecting earnings in 1967 will be increased charges against earnings relating to research, developmental, testing and engineering activities on the 727-200, 737 and 747 programs and the continued sharing of costs on the Supersonic Transport program. Interest expense on the extremely heavy borrowing requirements in 1967 also will be substantially higher than in 1966.

FINANCIAL POSITION

During 1966 a major financing program was undertaken to provide capital resources for the facilities expansion and jet transport financing

programs and for the increased working capital requirements of both the commercial jet transport and government programs.

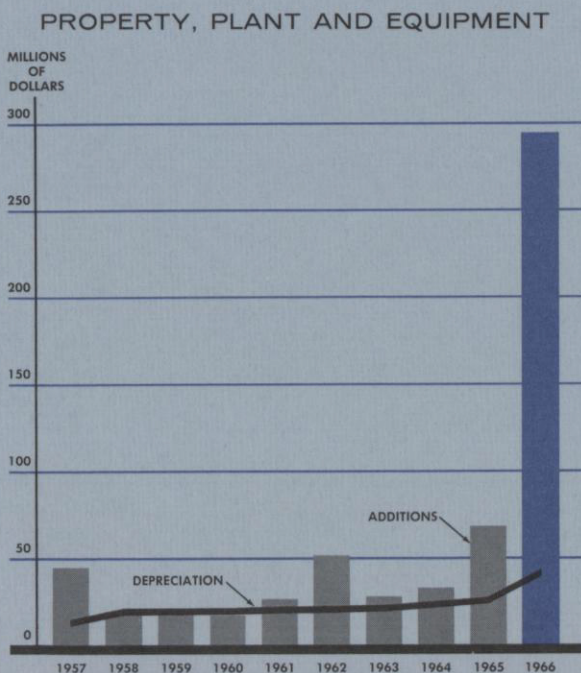
The financing program included (1) the sale of 2,165,979 shares of capital stock for \$112 million, (2) the sale of \$130 million of convertible subordinated debentures, (3) commitments from a group of institutional lenders for the purchase of \$175 million of senior unsecured notes, and (4) the establishment with commercial banks of a Revolving Credit Agreement and open lines of credit aggregating \$401 million.

At the end of 1966, \$68.5 million of the new senior notes had been issued and \$181 million was outstanding under the Revolving Credit Agreement. An additional \$66.5 million of the senior notes will be issued in the first half of 1967 with the remaining \$40 million currently scheduled for issue in May, 1968. The Revolving Credit Agreement was originally established at \$300 million, but subsequently the Company's over-all bank credit arrangements were renegotiated to provide for \$200 million under the Revolving Credit Agreement and \$201 million under open lines of credit.

During the year the authorized number of shares of capital stock was increased from ten million to thirty million and the outstanding stock was split two-for-one. Dividends for the first two quarters of the year were paid at \$.50 per share on the number of shares outstanding prior to the stock split. This corresponds to \$.25 a share after the stock split. The regular quarterly dividend for the last two quarters of the year was increased to \$.30 per share.

Working capital of \$434 million at the end of 1966 was \$168 million more than the prior year-end. The increase is primarily attributable to the substantially higher inventory levels required to support increased production rates on the 707/720, 727 and helicopter programs and the initial production phases of the 737 and 747 programs. Another important factor was the inventory investment relating to aircraft that could not be delivered because of engine delivery delays.

Gross additions to property, plant, and equipment of \$295 million in 1966 exceed the ag-



gregate of the facilities investment for the preceding eight years. Jet transport financing which includes long-term notes receivable from customer airlines and the depreciated cost of leased aircraft increased \$176 million over 1965 year-end levels.

A summary of sources and uses of funds during the year follows:

Sources (in millions)

Net earnings	\$ 76.1
Depreciation of plant	40.2
Sale of capital stock	113.1
Sale of convertible subordinated debentures	130.0
Other long-term debt	265.6
Deferred income taxes /investment credit	40.1
Total	\$665.1

Uses (in millions)

Additions to plant and equipment	\$294.6
Increased jet transport financing	176.2
Increased working capital	167.5
Cash dividends paid	20.2
Payments on long-term debt	4.3
Other	2.3
Total	\$665.1

Looking to the future, the financing arranged in 1966 should be adequate to accomplish currently planned programs, including the prototype phase of the supersonic transport program.

The facilities expansion program will continue at a high level in 1967. Current planning provides for an expenditure of in excess of \$200 million. The major portion of the projected expenditures relates to the 747 production facility, the central fabrication facility, and facilities necessary for the supersonic transport program.

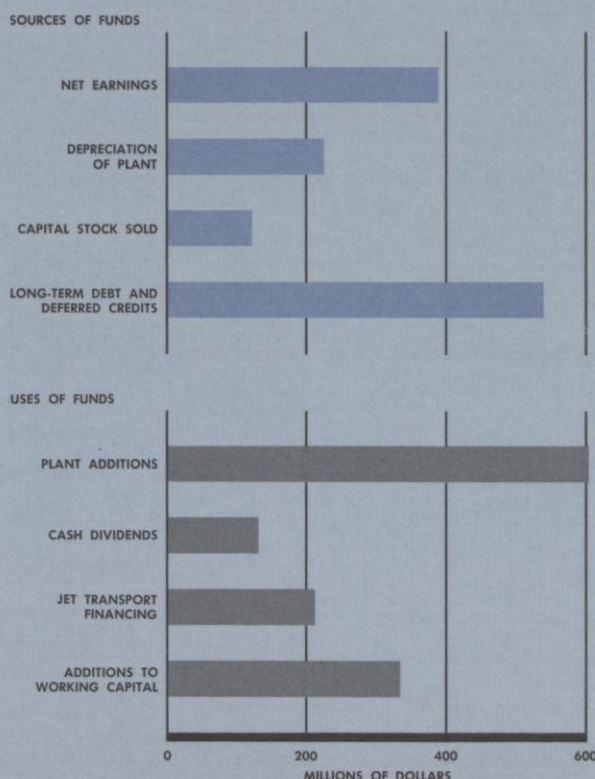
The Company's investment in jet transport financing could increase by an additional \$175 million in 1967 with the delivery of additional leased aircraft and the receipt of notes receivable under certain sales agreements. By the end of 1967 a very major portion of the current aggregate dollar commitments for jet transport financing will have been discharged. Although additional commitments for the financing of

aircraft sales will be necessary, the amounts involved will be substantially below 1966 and 1967 levels. It is the intent of the company to dispose of certain notes receivable and lease contracts at the earliest date practicable.

BACKLOG (in millions)	1966	1965
Commercial	\$4,446	\$2,455
Missiles and Space	387	359
Military Aircraft	450	334
Total	\$5,283	\$3,148

Backlog of unfilled commercial orders at the end of 1966 was approximately \$2.0 billion higher than the previous year end, while the government order backlog increased by approximately \$145 million. As stated in previous reports, unfilled orders from the U. S. government are limited to amounts obligated to contracts by the procuring agencies. If recognition were given to unfunded amounts believed to be firmly established in Department of Defense and NASA procurement plans, unfilled orders would be substantially increased.

**FUNDS STATEMENT
1957-1966**



TEN YEAR COMPARATIVE FINANCIAL DATA

Dollars (other than per share amounts) in millions

SALES, EARNINGS AND DIVIDENDS

	SALES	EARNINGS BEFORE INCOME TAXES		NET EARNINGS			CASH DIVIDENDS	
		AMOUNT	% OF SALES	AMOUNT	% OF SALES	PER SHARE	AMOUNT	PER SHARE
1966	\$2,357	\$140.6	6.0	\$76.1	3.2	\$4.13	\$20.2	\$1.10
1965	2,023	149.6	7.4	78.3	3.9	4.78	20.3	1.25
1964	1,969	89.0	4.5	45.3	2.3	2.82	16.0	1.00
1963	1,771	44.9	2.5	21.7	1.2	1.35	16.0	1.00
1962	1,769	56.3	3.2	27.2	1.5	1.70	16.0	1.00
1961	1,801	73.9	4.1	35.7	2.0	2.23	13.5	.85
1960	1,555	51.8	3.3	24.5	1.6	1.53	9.1	.57
1959	1,649	26.4	1.6	12.7	0.8	.80	7.4	.46
1958	1,752	63.4	3.6	30.2	1.7	1.91	7.0	.45
1957	1,674	80.8	4.8	39.8	2.4	2.55	6.7	.43

FINANCIAL POSITION DATA

	WORKING CAPITAL	LONG- TERM NOTES	LEASED AIRCRAFT	PLANT AND EQUIPMENT		LONG-TERM DEBT AND DEFERRED CREDITS	STOCKHOLDERS' INVESTMENT	
				AT COST	NET		AMOUNT	PER SHARE
1966	\$434	\$124	\$86	\$672	\$426	\$513	\$564	\$28.91
1965	266	20	14	380	172	104	372	22.70
1964	255	1	29	315	130	113	306	19.06
1963	245	9	17	285	121	117	276	17.24
1962	197	13	10	261	115	66	270	16.89
1961	178	25	32	214	86	65	258	16.19
1960	199	17	8	189	81	71	236	14.81
1959	204	2	—	172	83	71	221	13.84
1958	197	—	—	155	85	71	213	13.46
1957	102	—	—	136	84	—	186	11.95

Notes: All per share data adjusted to reflect stock dividends and stock splits; 1966 based on the average number of shares outstanding during the year; all other years based on number of shares outstanding at end of respective years. Vertol Aircraft Corporation, acquired in 1960, included in data for prior years.

PRINCIPAL SOURCES AND USES OF FUNDS

SOURCES				USES				
NET EARNINGS	DEPRECIATION OF PLANT	CAPITAL STOCK SOLD	LONG TERM DEBT AND DEFERRED CREDITS	CASH DIVIDENDS	ADDITIONS TO PLANT	INCREASED AIRCRAFT FINANCING	INCREASED WORKING CAPITAL	
\$76.1	\$40.2	\$113.1	\$431.4	\$20.2	\$294.6	\$176.2	\$167.5	1966
78.3	25.5	1.4	(2.8)	20.3	67.8	3.7	11.3	1965
45.3	24.7	0.8	(4.1)	16.0	33.6	4.5	9.6	1964
21.7	21.6	0.7	51.3	16.0	28.2	3.1	48.2	1963
27.2	21.0	0.3	1.0	16.0	50.1	(34.7)	19.0	1962
35.7	20.6	0.2	(5.9)	13.5	26.8	32.4	(20.7)	1961
24.5	19.4	—	—	9.1	17.4	22.3	(4.7)	1960
12.7	19.5	2.2	—	7.4	18.1	2.5	7.0	1959
30.2	19.1	3.1	70.6	7.0	19.5	—	94.8	1958
39.8	12.9	0.9	—	6.7	45.6	—	1.4	1957

GENERAL INFORMATION

SHARES OUTSTANDING	BACKLOG	FLOOR AREA (In Million Square Feet)			EMPLOYEES		
		BOEING OWNED	LEASED	GOV'T OWNED	AVERAGE NUMBER	SALARIES AND WAGES	
19,496,519	\$5,283	19.9	3.6	10.6	128,500	\$1,148	1966
16,374,280	3,148	12.5	2.5	11.4	93,400	813	1965
16,073,972	1,844	11.3	2.1	11.2	90,900	758	1964
16,025,136	1,815	11.1	2.0	11.2	100,400	803	1963
15,984,752	1,620	10.8	2.3	10.8	104,100	768	1962
15,964,860	1,869	7.2	1.9	11.8	89,800	629	1961
15,943,294	2,139	6.6	1.7	11.4	81,700	556	1960
15,941,280	2,018	6.4	1.8	11.7	92,300	579	1959
15,537,470	2,470	6.1	2.2	11.7	95,300	566	1958
14,702,392	2,482	6.0	2.3	11.3	99,300	537	1957

THE BOEING COMPANY AND SUBSIDIARIES

ASSETS

	December 31,	
	1966	1965
CURRENT ASSETS		
Cash and marketable securities	\$ 72,240,000	\$ 97,121,000
Amounts receivable under United		
States Government contracts	166,333,000	170,820,000
Refundable taxes on income	17,427,000	
Other accounts and notes receivable	39,982,000	64,923,000
Inventories	501,650,000	215,806,000
Prepaid expenses	4,350,000	3,772,000
Total Current Assets	\$ 801,982,000	\$552,442,000
LONG-TERM NOTES RECEIVABLE	\$ 124,396,000	\$ 19,857,000
LEASED AIRCRAFT, at cost, less accumulated depreciation:		
1966, \$33,403,000; 1965, \$23,525,000	85,673,000	13,980,000
OTHER ASSETS AND DEFERRED CHARGES	5,977,000	3,899,000
PROPERTY, PLANT AND EQUIPMENT, at cost	\$ 671,883,000	\$379,832,000
Less accumulated depreciation and amortization	245,392,000	207,783,000
	\$ 426,491,000	\$172,049,000
	<u>\$1,444,519,000</u>	<u>\$762,227,000</u>

BALANCE SHEET

LIABILITIES AND STOCKHOLDERS' INVESTMENT

December 31,

	1966	1965
CURRENT LIABILITIES		
Accounts payable	\$ 241,710,000	\$165,021,000
Salaries and wages, taxes, and other accrued expenses	120,590,000	107,898,000
Federal taxes on income (less U. S. tax anticipation bills: 1965, \$49,146,000)		10,048,000
Current portion of long-term debt	5,432,000	2,750,000
Total Current Liabilities	\$ 367,732,000	\$285,717,000
 DEFERRED TAXES ON INCOME	\$ 23,997,000	\$ 2,165,000
 DEFERRED INVESTMENT CREDIT	22,600,000	4,300,000
 LONG-TERM DEBT, less current portion	466,533,000	98,289,000
 STOCKHOLDERS' INVESTMENT:		
Capital stock, par value \$5 a share — Authorized, 30,000,000 shares Issued and outstanding at stated value: 1966, 19,496,519 shares; 1965, 16,374,280 shares (restated for stock split)	\$ 315,213,000	\$135,979,000
Retained earnings	248,444,000	235,777,000
	\$ 563,657,000	\$371,756,000
	<u>\$1,444,519,000</u>	<u>\$762,227,000</u>

See notes to consolidated financial statements.

THE BOEING COMPANY AND SUBSIDIARIES

**CONSOLIDATED STATEMENT OF
NET EARNINGS AND RETAINED EARNINGS**

	Year ended December 31,	
	1966	1965
Sales and other income	\$2,378,140,000	\$2,042,474,000
Costs and expenses	\$2,227,102,000	\$1,885,441,000
Interest and debt expense	10,405,000	7,465,000
Federal taxes on income	64,500,000	71,300,000
	<u>\$2,302,007,000</u>	<u>\$1,964,206,000</u>
NET EARNINGS	\$ 76,133,000	\$ 78,268,000
Retained earnings, January 1	235,777,000	177,765,000
Amount transferred to capital stock in connection with two-for-one stock split (\$5 per share par value for new shares)	(43,315,000)	
Cash dividends paid (per share, restated for stock split: 1966, \$1.10; 1965, \$1.25)	<u>(20,151,000)</u>	<u>(20,256,000)</u>
Retained earnings, December 31	<u>\$ 248,444,000</u>	<u>\$ 235,777,000</u>

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

INVENTORIES:

Work in process on military fixed-price incentive type contracts is stated at the total of direct costs and overhead applicable thereto, less the estimated average cost of deliveries based on the estimated total cost of the contracts. Work in process on straight fixed-price contracts is stated in the same manner, except that applicable research, developmental, administrative, and other general expenses are charged directly to earnings as incurred, and basic engineering and planning costs applicable to commercial jet transport programs are also charged directly to earnings. At December 31, 1966, work in process aggregated \$1,019,642,000, less advances and progress payments of \$560,460,000.

To the extent that estimated program costs, determined in the above manner, are expected to exceed total sales price, charges are made to current earnings in order to reduce work in process to estimated realizable value.

Commercial spare parts and general stock materials, aggregating \$42,468,000, are stated at average cost, not in excess of realizable value.

FEDERAL INCOME TAXES:

Income taxes have been settled with the Internal Revenue Service for all years through 1963, except for certain pending refund claims which have not been recorded in the accounts. Adequate provision for income taxes is believed to have been made for the years 1964 through 1966. The deferred Federal income tax liability stated in the balance sheet represents the noncurrent portion of taxes payable on earnings from installment sales of commercial aircraft. Refundable taxes on income principally represents carryback to prior years of investment tax credit in excess of the amount allowable against 1966 income taxes.

LONG-TERM DEBT AND RESTRICTIONS

ON RETAINED EARNINGS:

	December 31,	
	1966	1965
Revolving Credit notes	\$180,600,000	\$ —
5½% Convertible Subordinated Debentures	129,959,000	
6¾% notes payable	68,500,000	
5% notes payable	47,250,000	50,000,000
5% Sinking Fund Debentures	26,501,000	26,501,000
Other notes	19,155,000	
4½% Convertible Subordinated Debentures		24,538,000
Less current maturities	(5,432,000)	(2,750,000)
	<u>\$466,533,000</u>	<u>\$98,289,000</u>

The Company has entered into a Revolving Credit Agreement with a group of banks for an aggregate of \$200,000,000 with the outstanding balance at December 31, 1969 repayable over the three-year period ending December 31, 1972. These loans bear interest at the prime commercial bank rate until December 31, 1969 (currently 5¼%), and thereafter at ¼% above such rate. Borrowings under the agreement may be prepaid at any time without penalty.

The 5½% Convertible Subordinated Debentures, due in 1991, are convertible into capital stock at \$63.50 per share. Of the Company's unissued capital stock, 2,046,953 shares are reserved for conversion of the debentures. Required annual sinking fund payments commencing in 1977 are 5.75% of the principal amount of debentures outstanding at September 1, 1976.

In September 1966, the Company obtained commitments from a group of institutional lenders to purchase at various dates to May 1968 an aggregate of \$175,000,000 principal amount of 6¾% notes due 1986. Required annual sinking fund payments commencing in 1971 are \$10,750,000.

The 5% notes, maturing in 1983, are payable to an insurance company in annual installments of \$2,750,000.

Sinking fund requirements under the 5% Sinking Fund Debentures, due in 1978, are \$2,700,000 annually. Debentures aggregating \$2,699,000 have been canceled but may be applied against future sinking fund requirements.

The other notes relate to certain purchase and lease agreements with airline customers, bear interest at 6 to 7% and are payable to a group of banks in installments over various periods through 1977.

The indentures under which the long-term obligations were issued place various restrictions on the use of retained earnings for the payment of cash dividends or acquisition of the Company's capital stock or subordinated indebtedness. Under the most restrictive of these provisions, retained earnings totaling \$63,209,000 at December 31, 1966 were not so restricted.

OPERATING CHARGES:

The following charges were incurred in the years ended December 31:

	1966	1965
Depreciation and amortization of plant and equipment	\$40,168,000	\$25,489,000
Depreciation of leased aircraft	9,878,000	8,104,000
Retirement plan	35,497,000	23,574,000

CAPITAL STOCK:

Changes in capital stock during the year were as follows:

	Shares	Amount
Balance at January 1, 1966	8,187,140	\$135,979,000
Shares sold to officers and employees—Under stock option plan	16,740	538,000
Under incentive compensation plan	3,726	560,000
Shares issued in exchange for Convertible Subordinated Debentures	459,868	22,793,000
Shares sold under stock offering	2,165,979	112,028,000
Shares issued in connection with two-for-one stock split (\$5 per share par value transferred from retained earnings)	8,663,066	43,315,000
Balance at December 31, 1966	<u>19,496,519</u>	<u>\$315,213,000</u>

STOCK OPTIONS:

At December 31, 1966, options for 246,284 shares of the Company's stock, at prices ranging from \$15.25 to \$63.50, were outstanding, of which 35,594 shares were exercisable. During 1966, 29,072 shares were issued upon exercise of options, options were granted for 143,200 shares and options for 1,900 shares were canceled.

An additional 40,166 shares are available for future grants under the restricted stock option plan.

CONTINGENT LIABILITIES:

Substantially all of the Company's contracts with the Government are subject to renegotiation under the Renegotiation Act of 1951. Renegotiation Board proceedings for all years through 1962 have been concluded. The Company does not know and cannot predict what the Board's action will be for 1963 and subsequent years. In view of this uncertainty, and the belief of the Company that no excessive profits were realized, no provision for renegotiation refund has been made for these years.

The Company is engaged in various legal proceedings which in some instances involve claims for substantial amounts. Most of these claims are covered by insurance, and the Company does not anticipate that the amounts, if any, which may be required to be paid by the Company will be material.

ACCOUNTANTS' REPORT

TOUCHE, ROSS, BAILEY & SMART

1212 IBM BUILDING
SEATTLE, WASHINGTON 98101

February 27, 1967

Board of Directors
The Boeing Company
Seattle, Washington

We have examined the accompanying consolidated balance sheet of The Boeing Company and subsidiaries as of December 31, 1966 and the related statement of net earnings and retained earnings for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We were unable to obtain satisfactory confirmations of receivables from the United States by direct communication, but we satisfied ourselves as to such accounts by other auditing procedures.

In our opinion, the financial statements referred to above present fairly the consolidated financial position of The Boeing Company and subsidiaries at December 31, 1966 and the consolidated results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Also, in our opinion, the action of the Board of Directors on February 27, 1967, in setting aside the sum of \$1,825,000 for the year 1966 under the Incentive Compensation Plan for Officers and Employees, is in conformity with the provisions contained in the first paragraph of Section 2 of such plan.

Touche, Ross, Bailey & Smart

Certified Public Accountants

FACILITIES EXPANSION



727 at check-out building for quick-change aircraft

The largest facilities expansion program in Company history reached a peak during 1966. The most dramatic and costly project is the entirely new factory complex at Everett, Washington, for the 747 superjet transport program. The site was selected because it is adjacent to Paine Field, an outstanding civilian airport; because the property was under one ownership thus minimizing acquisition problems, and because the production could be carried on near the design team.

Beginning with 780 hilly acres of undeveloped and mostly wooded land in the early summer, contractors for Boeing cleared and leveled 250 acres and laid a 2-mile-long railroad spur with a 5.6 per cent gradient to serve the factory site. In the process, four million cubic yards of overlay were moved.

First locomotives and rail cars moved over the new spur in November. Working around the clock, contractors rushed completion of a warehouse and a low bay manufacturing and mockup building to allow first occupancy by permanent Boeing workers—as well as a huge mockup section of the airplane—by January, 1967.

The 747 final assembly structure will be the world's largest building by cubic foot capacity (160 million cubic feet). Foundations and 30 per

cent of the steel work were completed by year end. This building, 1,150 by 1,000 feet in its main section, is to be partially occupied by early spring, and completed by September. Other buildings under construction include a seal, paint and wing building, plus support service, office and cafeteria structures. Total authorizations to date for land, buildings and equipment on the Everett site exceed \$115,000,000. The facility will give the Company the capacity to produce 200 Model 747s by December, 1972, and 400 by December, 1975.

No other single Company construction program matched the effort at Everett, but several were outstanding in their own right. The 915,000 square-foot 727 final assembly building at Renton, including 300-foot clear span roof beams, was the fifth major structure added to that plant during 1966. Others were a major warehouse, an engineering laboratory, an office building and additions to the sub-assembly and mockup buildings.

At the Boeing Space Center, Kent, Washington, four office buildings and laboratory and service buildings were added to the complex while space and environmental flight simulation laboratories were extended. Space Division and Missile & Information Systems Division head-

quarters moved to the Space Center from Seattle. Also located there in a new facility is the Commercial Airplane Division training center which coordinates training functions for the entire division.

At Auburn, Washington, the Company established a Central Fabrication Facility. This facility serves all divisions as needed. The basic site, purchased in 1965, included a group of warehouse buildings. Major new facilities constructed on the site include a spar and skin mill, a process building, two other main manufacturing buildings, administrative offices and cafeteria. Construction activities were initiated on a tooling facility which is to be completed in May, 1967.

In Seattle, a new final assembly building for the 737 twin-jet airliner was erected and occupied late in the year. At the Developmental Center, the Company built the largest and most advanced titanium processing facility in the aerospace industry. This can handle 70-foot-long titanium parts, essential to the SST program. Other new Seattle buildings included a two-position airplane paint hangar and a quick-change cargo equipment installation facil-

ity, both at Boeing Field.

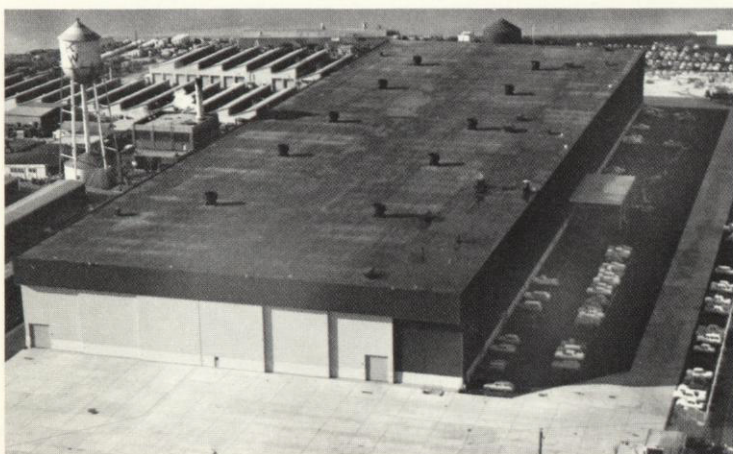
In April, the Company purchased, for \$13.75 million, a variety of government-owned buildings in the Plant II complex at Seattle. Only the comparatively small Missile Production Center, among Seattle buildings occupied by the Company, remains in government ownership.

At Wichita, Boeing negotiated a lease on the government-owned Plant II, making it, as well as the Company-owned Plant I, available for commercial work.

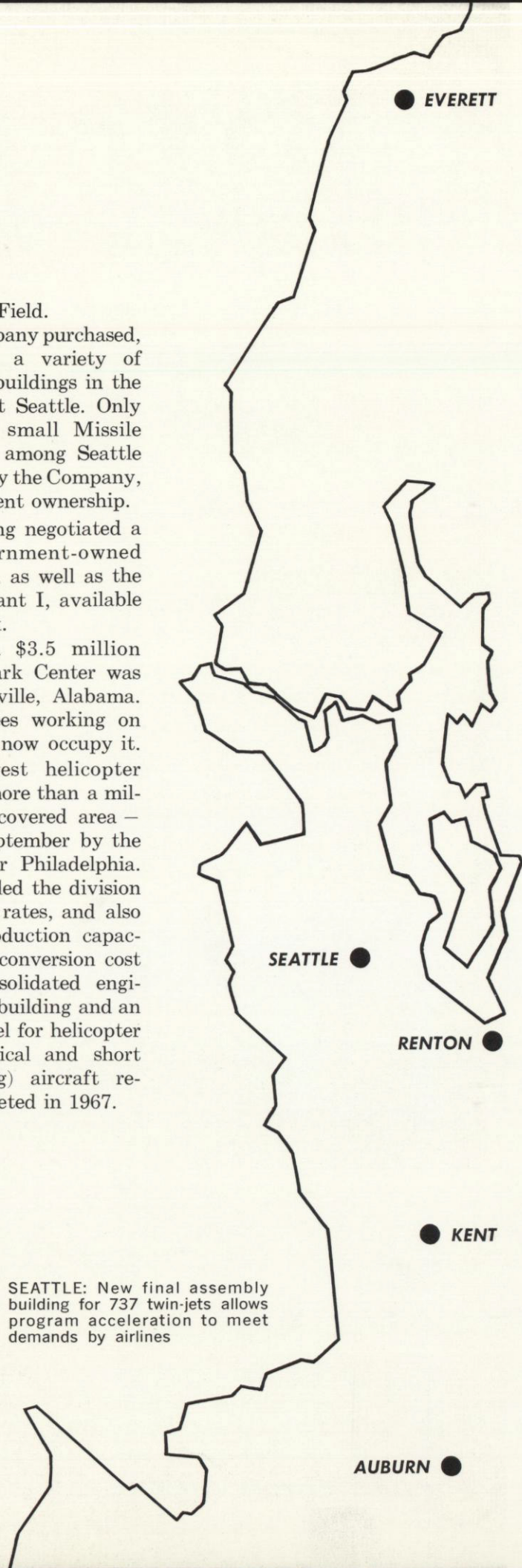
In December, a \$3.5 million Boeing Research Park Center was dedicated at Huntsville, Alabama. About 700 employees working on the Saturn program now occupy it.

The world's largest helicopter assembly facility—more than a million square feet of covered area—was dedicated in September by the Vertol Division near Philadelphia.

This facility enabled the division to triple production rates, and also provides reserve production capacity. Acquisition and conversion cost \$16 million. A consolidated engineering laboratories building and an advanced wind tunnel for helicopter and V/STOL (vertical and short takeoff and landing) aircraft research will be completed in 1967.

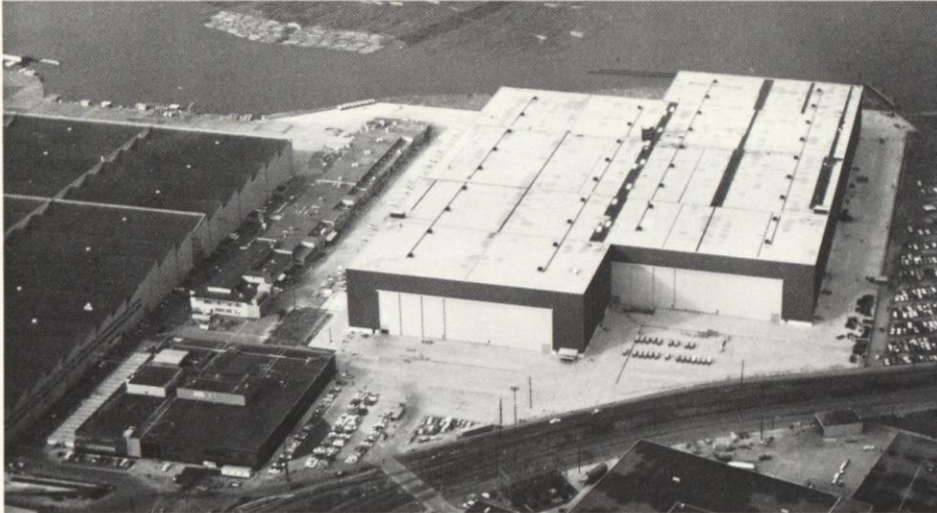


SEATTLE: New final assembly building for 737 twin-jets allows program acceleration to meet demands by airlines

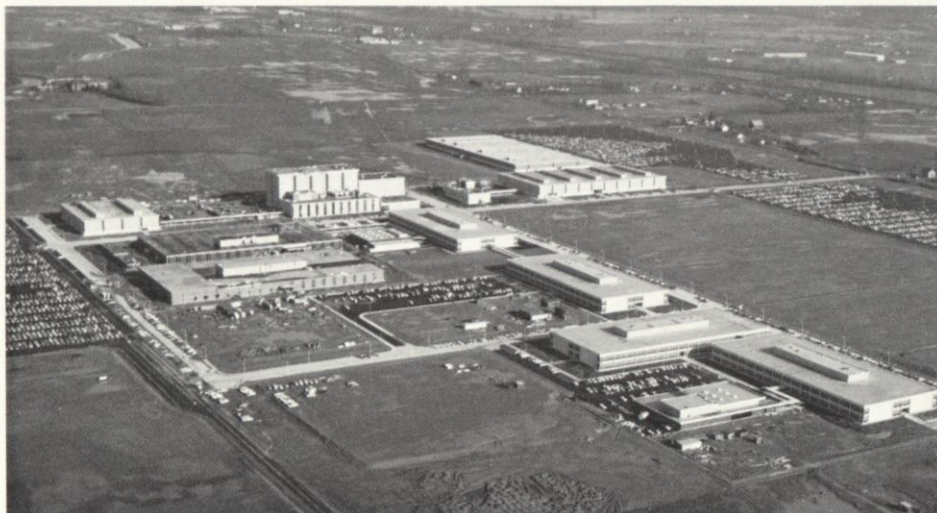




EVERETT: World's largest building in cubic foot measurement, part of complete new complex for assembly of 747s, world's biggest airliners



RENTON: Five major structures were added to Company's factory complex at Renton during year of expansion in all commercial airplane areas



KENT: Extensions of laboratories and addition of four new office buildings made room for missile and space divisional activities



AUBURN: a new Central Fabrication Facility, to serve all divisions, includes tooling activities, spar mill, manufacturing areas, offices



Vertol helicopters in Viet Nam combat serve U.S. Army, Marine Corps, Navy

Boeing production facilities and research organizations were engaged during 1966 by a variety of military programs, including missiles, helicopters, and use of Boeing aircraft as platforms for various military activities, while old and new Boeing products did combat duty in Viet Nam.

Largest military program continued to be the Minuteman Intercontinental Missile, almost 1,000 of which are now emplaced in silos in the midwestern and western United States. During the year, Company crews completed installation of the majority of 200 Minuteman II missiles — an improved model with longer range and greater accuracy than the original weapons — in the last remaining new silos on the weapons system schedule. In silos already operational, work began on replacement (Force Modernization) of 800 Minuteman I missiles with the improved models. Final assembly of the missiles continued at Ogden, Utah, with installations or modification under way in Missouri, the Dakotas, Wyoming and Montana.

On December 6, the Department of Defense announced that the government would proceed to develop Minuteman III, a further advanced intercontinental ballistic missile. Boeing intends to seek this assignment as well. Even without this new version, Minuteman work will extend into the 1970s.

Of particular satisfaction was winning of the SRAM (Short Range Attack Missile) after a long and intensive competition. By the year's end more than 1,000 employees were assigned to the project. The SRAM is designed for use by the FB-111

supersonic bomber, Boeing B-52G and H model intercontinental bombers, and is intended to be compatible with the proposed Air Force Advanced Manned Strategic Aircraft. Boeing's contract from the Air Force totaled \$142 million for development work and test missiles. There are firmly-priced options for the Air Force to order initial quantities of production models, and associated aircraft and support equipment. Should production models be ordered, the work would extend for a substantial number of years.

In mid year the Company also won a \$2.1 million contract to continue study of an airborne warning and control system (AWACS). In this, Boeing is in competition with another company in the final year of the study. Boeing has proposed to the Air Force use of a 707-type aircraft carrying advanced electronic equipment. Assuming favorable results of the study, a competition for large development and production contracts is anticipated.

The Company will deliver to the Army an advanced Chinook helicopter with greater payload and speed than the current model in 1967. Development is under way on a still further advanced model, the CH-47C, scheduled for delivery in 1968. During 1966, the Company delivered the first advanced CH-46D model, Sea Knight. These new models have substantial increases in speed and payload.

In Viet Nam, the Chinook and Sea Knight logged more than 68,500 flight hours by the end of 1966. Both are playing key roles in the air mobility tactics essential to success in that war, as well as rescuing downed aviators, evacuating thou-

sands of wounded, recovering aircraft and evacuating refugees. Sea Knight helicopters are operating from the decks of Navy vessels in vertical replenishment missions — the transfer of cargo from supply ships to combat ships.

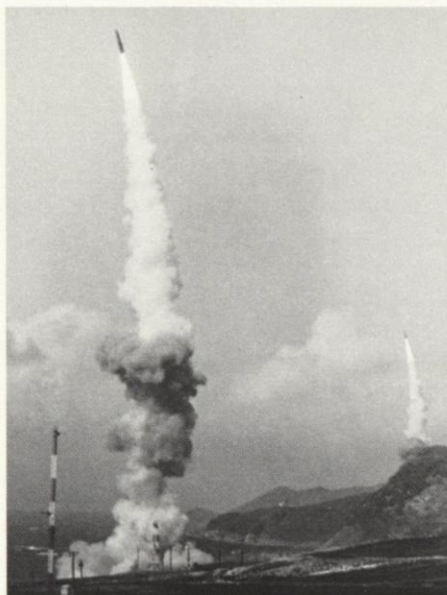
The Boeing-built helicopters in Viet Nam joined two other Boeing products doing yeoman service there. B-52 bombers (many of them modified at the Wichita Division to increase their conventional bombing capacity) made almost daily raids on enemy-controlled areas. Boeing-built KC-135 aerial tankers are being used to refuel both the bombers and jet fighters, which thus are able to stay over target areas for long periods of time. Recently, the U. S. Strategic Air Force announced that the KC-135s had transferred more than a billion gallons of fuel to other planes in the combat area.

For the U. S. Navy, the Company in 1966 commenced construction of a hydrofoil gunboat, the PGH-2, using a water jet propulsion system. The hull of this craft was virtually complete at the year end, and fitting out was scheduled to start at Seattle. Meanwhile, the Navy continued rough water tests with the High Point, a hydrofoil patrol craft also built by Boeing.

The HiBEX (High Acceleration Boost Experimental) program was concluded early in the year with a final launch at the White Sands Missile Range. Boeing was prime contractor for the program, sponsored by the U. S. Advanced Research Projects Agency for a study of ballistic missile defense systems. All test objectives on the program were met.



U.S. Air Force chose Boeing to design and develop short range attack missile



Multiple firings of Minuteman missiles showed capabilities of Air Force weapon

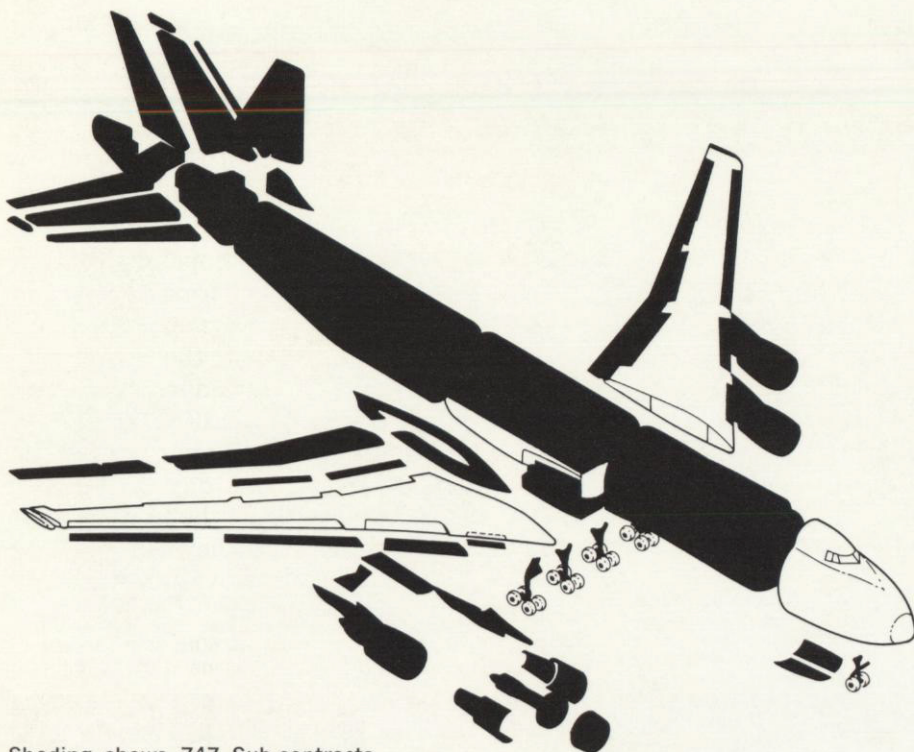


Navy hydrofoil gunboat, Tucumcari, will use water jet propulsion, no propellers



B-52s proved conventional warfare abilities in long range Viet Nam missions

SUBCONTRACTING



Shading shows 747 Sub-contracts

More than 50 cents of every sales dollar received by The Boeing Company currently is expended for supplies or subcontracted work. During 1966, \$2.1 billion in subcontracts was in effect, shared in by approximately 20,000 companies. Their locations include all 50 states and several foreign countries.

As Boeing's family of jet transports continues to expand and new military and space assignments are received, the subcontract program also grows, with an effect on the economy of many industrial areas throughout the country. Of the firms with which the Company deals directly, more than 74% are classed as small businesses, generally defined as those with less than 500 employees. Many other small businesses are included in second tier contracts—those awarded by Boeing's subcontractors for components

included in products eventually delivered to Boeing.

For the 747 jet, more than 65 per cent of the airplane, by weight, will be built by firms other than Boeing. The Company's proposal for a supersonic jet specified that more than half the total manufacturing effort both for prototypes and production airplanes would be subcontracted.

In addition to subcontracts, the Company has a very large inter-divisional support program. The Wichita and Turbine divisions both devote well over half their total efforts to support of other divisions and activities. Wichita already provides major support for the Commercial Airplane and Vertol Divisions and the Saturn program. The Auburn Central Fabrication facility supports other divisions as required.



Beginning July 15, 1966, the fiftieth anniversary of The Boeing Company was marked with a series of civic celebrations in Seattle and at various other Company locations. The program, headlined by a community-sponsored anniversary banquet and luncheon in Seattle with government, industry and community leaders in attendance, included 23 separate events.

A highlight was the construction and demonstration flying of a replica of the 1916 B & W seaplane, Boeing's first product. The airplane, with a maximum speed of 80 miles an hour, was flown for various celebrations in Seattle, later was trucked

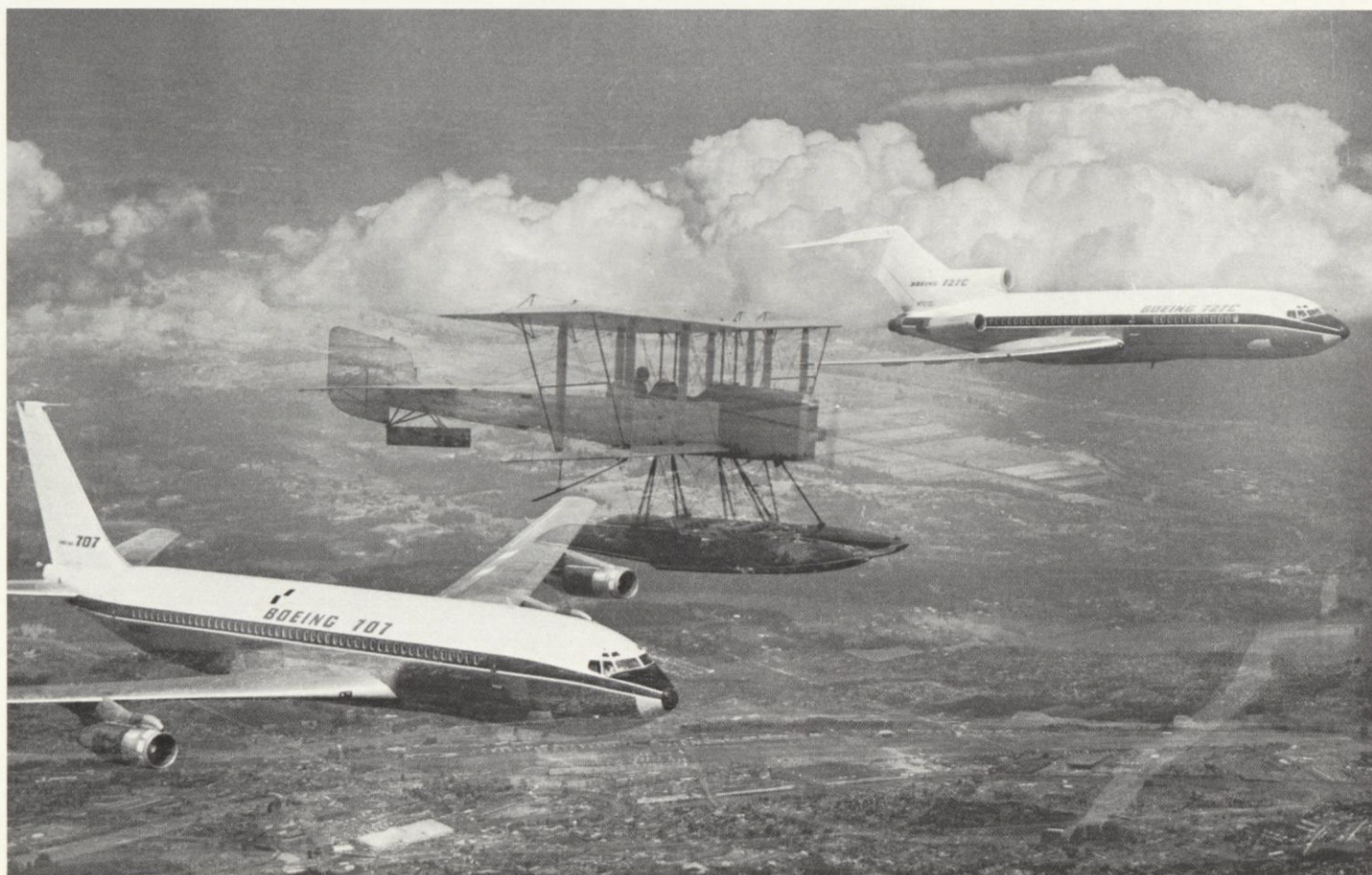
to the East Coast, flew at Philadelphia, New York and Washington, then (with special wheeled gear attached to its floats), at Wichita, Kansas. Later, the replica was moved to the Developmental Center in Seattle, where it is on display in sharp contrast to the huge supersonic transport mockup.

The Company produced a special anniversary movie, an anniversary edition of the Boeing Magazine and a new edition of the Boeing story, *Vision*, which was distributed to all employees and thousands of people allied to the industry. Creation of a commemorative seal and postal cachet, the sponsoring of a series of

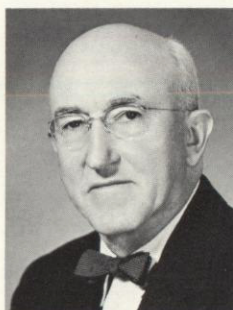
scientific meetings and a showing of a number of special displays were additional features of the celebration. The Boeing display at the Seattle Museum of History and Industry was up-dated for the occasion.

At the anniversary banquet in Seattle, Juan T. Trippe, chairman of the board of Pan American World Airways, told a large audience: "We salute, on behalf of the entire aviation industry, an adventurous and imaginative corporation which has written its own saga, created its own legends, in a day when these great assertions of the human spirit are as rare as they are greatly needed."

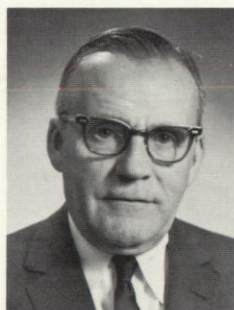
Double exposure of film created 50th anniversary photo: Replica of 1916 Boeing plane with jetliners



DIRECTORS AND OFFICERS



WILLIAM M. ALLEN



W. L. CAMPBELL



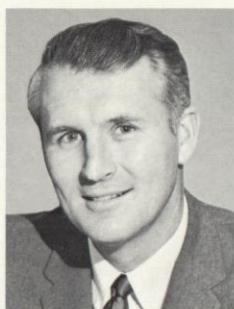
ARTEMUS L. GATES



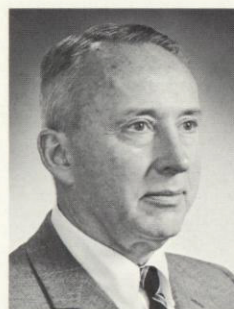
CRAWFORD H. GREENEWALT



T. A. WILSON



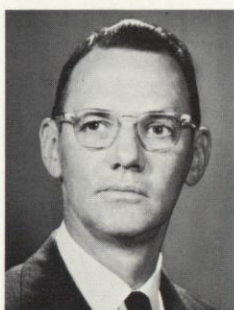
H. W. HAYNES



LOWELL P. MICKELWAIT



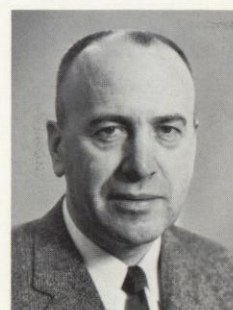
J. E. PRINCE



WILLIAM G. REED



D. E. SKINNER



EDWARD C. WELLS



GEORGE H. WEYERHAEUSER



THOMAS R. WILCOX



JOHN O. YEASTING

DIRECTORS EMERITI

C. L. EGTVEDT
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D. A. FORWARD
FRED P. LAUDAN
J. E. SCHAEFER
DIETRICH SCHMITZ

WILLIAM M. ALLEN
President, Director

T. A. WILSON
*Executive Vice President,
Director*

E. H. BOULLIOUN
*Vice President—Assistant
General Manager, Commercial
Airplane Division*

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Photographed through massive titanium wing bearing,
forward section of SST mockup dwarfs B & W replica

The Boeing Company is composed of an administrative headquarters organization and six operating divisions of which two are incorporated in a Group administration. Headquarters, the Space Division and Missile and Information Systems Division of the Aerospace Group, the Turbine Division and the Commercial Airplane Division are located in the Seattle, Washington area. The Wichita Division is located in Wichita, Kansas, and the Vertol Division is in the Philadelphia, Pennsylvania area.

The Commercial Airplane Division is composed of a central organization and several branches. The Renton Branch produces 707, 720 and 727 aircraft. The Seattle Branch produces the model 737. The Everett Branch is preparing to produce the 747. The Supersonic Transport Branch will develop and build the SST prototypes. The Auburn Branch comprises a central fabrication facility serving all other company operations in the Seattle area.

The Space Division's Launch Systems Branch conducts its principal operations in New Orleans, Louisiana and Huntsville, Alabama, with the division's Space Craft Programs operation in Seattle. The Boeing Atlantic Test Center is a Space Division operation at Cape Kennedy, Florida.

The Company has three wholly owned subsidiaries — Boeing of Canada, Limited, located in Arnprior, Ontario, Boeing International Corporation, and Boeing Financial Corporation. The latter two have principal offices in Seattle.

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GENERAL AUDITORS	TOUCHE, ROSS, BAILEY & SMART
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